

# NPC SCHEME MANAGEMENT RULES

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**Public**



## Abstract

This document contains descriptions of the internal organisation, structure, rules, and processes that make up Scheme Management of the NPC Schemes. Such processes cover Scheme maintenance, administration and compliance and change management, including structured dialogue with stakeholders.

## Reason for Issue

Updated the NPC Scheme Management Rules (NPC900-01 v1.3) to remove the requirement for a board decision for approval of scheme adherence applications.

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## 0. Document Information

This document sets out the internal rules that govern Nordic Payments Council (“NPC”) Scheme Management (the “NPC Scheme Management Rules”). This document covers the following topics:

1. Rules for the administration and compliance functions of NPC Scheme Management.
2. Rules for the maintenance, development and change management function of NPC Scheme Management.

### 0.1 Defined Terms

This document makes references to various defined terms which have a specific meaning in the context of this document. In this document, a defined term is indicated with a capital letter. A full list of defined terms can be found in Chapter 5 of this document. The document may make references to terms that are also used in the Payment Services Directive. The terms used in this document may not in all cases correspond in meaning with the same or similar terms used in the Payment Services Directive.

### 0.2 Change History

Issue number	Dated	Reason for revision
1.0	2019-12-09	Final version after SMC decision.
1.0.1	2020-10-22	Updated version to be generic for multiple NPC Schemes.
1.0.2	2020-11-06	Updated to appendix 4 – code of conduct.
1.0.3	2020-12-11	Review with suggested changes from NPC Legal Counsel Setterwalls.
1.1	2021-04-30	Updates agreed by NCT & NCT Inst and decided by the NPC Scheme Management Committee (SMC) 13 April 2021.
1.2	2022-06-08	Changes of SMIR to Scheme Management Rules (#CT24 and #INST24) and change of customer to Payment Service User (#CT19 and #INST19). Version decided at the NPC Scheme Management Committee meeting.
1.3	2024-11-20	Update Section 3.1.12 - The role of the Secretariat: add approval of Scheme Adherence Applications. Update Section 3.2.3.5 - Becoming a Scheme Participant: remove the requirement for NPC board approval for a successful scheme adherence application and add the Secretariat to take that responsibility. Version decided at the NPC Scheme Management Committee meeting.

### 0.3 Purpose of Document

This document contains descriptions of the internal organisation, structure, rules, and processes that make up NPC Scheme Management of the NPC Schemes. Such processes cover Scheme maintenance, administration and compliance, and change management, including structured dialogue with stakeholders.

### 0.4 Change management for this document

The Scheme Management Committee (“SMC”) is responsible for this document and approves it. The document will be reviewed and updated if necessary during the change management cycles of the NPC Schemes.



## 1. Introduction

This chapter provides an introduction to the NPC, the NPC Schemes and the NPC Scheme Management, setting out the purpose and organisation of the NPC as well as an overview of the NPC Schemes and the process of NPC Scheme Management.

### 1.1 The Nordic Payments Council

#### 1.1.1 Purpose of the NPC

The purpose of the NPC is to create, own and manage the NPC payment schemes based upon, but not limited to, the Single Euro Payments Area (“SEPA”) payment schemes as well as to develop and manage additional schemes and rules in close dialogue with the Participants and the national communities. This should be done to contribute to safe, efficient, economically balanced and sustainable, convenient domestic and cross border multicurrency payments in communities using the Schemes. The NPC shall ensure competitiveness and innovation as well as meet the users’ needs.

The NPC’s operations are ultimately supporting Nordic competitiveness and innovation.

The NPC will have open forum for stakeholders and regulators in payments.

#### 1.1.2 Organisation of the NPC

NPC consists of a General Assembly, a Board of Directors, a Secretariat headed by the Secretary General, a Scheme Management Committee and a Nomination Committee as described in the NPC Bylaws.

The **General Assembly** consists of all NPC Members and decide on the annual report, budget, financing model and voting rights for the General Assembly etc.

The **NPC Board** consists of representatives from the Founding Members and discuss all matters within the scope of the NPC, prepare material for the General Assembly, decide on the composition of the Scheme Management Committee, approve new members, establish Working Groups etc.

The **Secretariat** is responsible for the day-to-day operations of the NPC and represents the NPC in connections with third parties. The Secretariat is responsible for the administration and the NPC Function for Adherence and Compliance. The Secretariat shall assist the Scheme Management Committee, working groups, support groups and task forces with secretarial and administrative support.

The **SMC** is responsible for the development and management of the Schemes while the **Nomination Committee** make recommendations to the General Assembly regarding candidates for the Board and the Scheme Management Committee.

### 1.2 The NPC Schemes

The NPC has produced the NPC Schemes consisting of NPC Scheme Rulebooks (the “**Rulebooks**”) which set out binding rules and technical standards governing each of the Schemes and other related documentation, e.g. Implementation Guidelines. The Rulebooks only have legal effect between participants in the Schemes (“**Scheme Participants**”) and the NPC.

The NPC Schemes are open to eligible entities according to the eligibility criteria for participation in the Rulebooks.

The NPC is responsible for the implementation and operation of Scheme Management.

These NPC Scheme Management Rules set out the rules in accordance with which the Schemes are administered and enforced by the NPC, as well as detailing procedures for the change management of existing Schemes.

## 1.3 NPC Scheme Management

### 1.3.1 Introduction

NPC Scheme Management comprises two functions. The first function involves the administration of the Schemes and the process of ensuring compliance with their rules, as set out in each of the respective Rulebooks. The second function involves managing the maintenance and change management of the Schemes entrusted by the NPC to the Scheme Management Committee.

### 1.3.2 Administration and Compliance

The administration and compliance function of NPC Scheme Management establishes rules and procedures for administering the adherence process for each of the Schemes, for addressing cases of claimed non-compliance by Scheme Participants with the rules of the Schemes and for addressing situations where Scheme Participants are unable to resolve their grievances through local or national dispute resolution methods.

The administration and compliance processes aim to ensure that the Schemes are administered fairly and transparently at every stage in accordance with the Rulebooks and general principles of applicable law.

The administration and compliance function shall be performed under the responsibility of the SMC, with some input from the NPC Board and General Assembly on matters relating principally to the policy of the Schemes. The SMC shall have wide decision-making power in respect of each of its functions however; it shall be accountable to the NPC Board and the General Assembly. The Secretariat shall perform the administration and compliance function in accordance with the procedures set out in these NPC Scheme Management Rules.

### 1.3.3 Maintenance and Change Management

The maintenance and change management function of NPC Scheme Management establishes formal change management procedures for the Schemes. The change management procedures aim to ensure that the Schemes are kept relevant for their users and up-to-date, with structured processes for initiating and implementing changes to the Schemes, the Rulebooks and related documentation. An important component of change management is the inclusion of innovative ideas for enhancing the quality of existing Schemes.

The establishment of change proposals is to be carried out through clear, transparent and structured channels, which take into account the views of Scheme Participants, suppliers and end-users as well as other interested groups. That is to say, the maintenance and change management function provide a structured and transparent means through which Scheme Participants, users and suppliers can participate in a dialogue with the NPC, so that proposals for change are openly considered by all relevant parties.

The maintenance and change management function shall be performed by the SMC, supported by Working Groups, in accordance with the procedures set out in these NPC Scheme Management Rules.

## 1.4 Fees

Fees for using the Schemes will be connected to membership in the NPC. The fees will be decided according to the NPC Bylaws as amended by the General Assembly from time to time.

## 2. Scheme Management Roles and Responsibilities

### 2.1 Role of the SMC

The SMC is the NPC body responsible for performing the functions of maintenance and change management of the NPC Schemes.

The SMC shall be responsible for performing the following functions of NPC Scheme Management:

- Management of the maintenance and the change management of the NPC Schemes (supported by the NPC Working Groups and other relevant NPC bodies)
- Decision for new NPC Schemes
- Risk Management Annexes



## 3. The SMC

### 3.1 Detailed description of the SMC

#### 3.1.1 Composition of the SMC

The composition and voting rights of the SMC is defined in the NPC Bylaws and NPC Internal Rules.

#### 3.1.2 Duration of Appointment

In a steady state, each member shall hold office for a term of 2 years, with the possibility of re-election.

Each SMC member who does not act as the Chair, may resign from the SMC by giving notice in writing to the SMC chair and the Secretariat, not less than 30 Calendar Days' prior to leaving the SMC. The SMC Chair may only resign from the SMC by giving notice in writing to the NPC Secretariat not less than 60 Calendar Days' prior to leaving the SMC.

#### 3.1.3 Termination of Appointment by decisions of the NPC Board

The NPC Board may decide to remove from office either an individual SMC member, a group of such members or the SMC as a whole.

This power may only be exercised if the NPC Board, after due and proper consideration, reasonably believes that either an individual SMC member, a group of such members or the SMC as a whole is performing the functions of the SMC in a manner evidencing serious misconduct, a dereliction of duty, bad faith, or gross negligence. The NPC Board may further exercise this power where, after due and proper consideration, the NPC Board reasonably believes that a member of the SMC does not have the capacity to perform the function of an SMC member.

Any SMC member removed from the SMC by decision of the NPC Board shall cease to be a member of the SMC with either immediate effect or on such a date as the NPC Board may specify taking into account the outstanding obligations of the SMC member to the SMC and to Scheme Management.

A member of the SMC removed in this manner shall be notified in writing of his or her removal from the office of SMC member.

If the mandate of a SMC member ceases before its term, for whatever reason, the NPC Board may appoint a new member for the remainder of the term, provided that the candidate member fulfils the criteria for the composition of the SMC of the replaced member.

#### 3.1.4 Criteria for Membership (Scheme Participant)

A SMC member shall be chosen on the basis of his or her suitability and expertise for the position ahead of any other consideration. A prospective SMC member must therefore be of good repute and possess appropriate qualifications together with relevant work experience and a proven track record at a senior level in the payments services sector. In addition, SMC members must be fluent in English, with – in particular – the capability to understand complex documents and the ability to express views during meetings.

Subject to the foregoing, the SMC shall aim to represent as far as reasonably practicable the composition of Scheme Participants, ensuring at all times that this composition fairly represents a balance of the country, size, and industry sectors of Scheme Participants.

The provisions of this section 3.1.4 shall equally apply to alternates to Scheme Participant representative members.

The above-mentioned criteria will apply for observers in the SMC as well.

### 3.1.5 Criteria for Membership (Chair)

In a steady state, the SMC chair shall be elected by the SMC for 2 years and approved by the NPC Board. A prospective SMC chair must be of good repute and possess appropriate qualifications together with relevant work experience and expertise.

### 3.1.6 Duties of SMC Members

All SMC Members shall be required to act in accordance with the following general principles:

- each SMC member shall act in accordance with the provisions of these NPC Scheme Management Rules at all times for the duration of his or her term in office;
- each SMC member shall owe a duty to act in the best interests of the Schemes for the community as a whole and with a view to ensuring that the Schemes are administered efficiently, fairly and professionally;
- each SMC member shall observe the highest standards of integrity, fairness and professionalism at all times;
- as and when arising, each SMC member is obliged to disclose and manage any personal conflict of interest, as set out in further detail in Appendix 2;
- each SMC member must be mindful of and refuse any inducements, rewards, or other gifts offered to him or her in the performance of his or her duties, ensuring at all times that he or she acts and is seen to act in accordance with the highest standards of independence and impartiality;
- each SMC member shall endeavour as far as reasonably practicable to carry out his or her duties in the SMC with reasonable skill, care and diligence; and
- each SMC member shall abide by the NPC Competition Law Code of Conduct

The provisions of this section 3.1.6 shall equally apply to alternates to Scheme Participant representative members.

### 3.1.7 NPC Board Role in Policy of SMC

The NPC Board may discuss matters of SMC policy to ensure that the SMC is acting within its scope and performing its role in a proper manner. The NPC Board may request the SMC to revisit a decision which, in the view of the NPC Board, exceeds the SMC mandate as provided for in the NPC Bylaws and the present NPC Scheme Management Rules or might jeopardise the reputation, the integrity, the proper functioning or the continuity of any of the Schemes. The NPC Board, in its sole discretion, may annul or amend the disputed decision, in the event that the SMC fails to properly justify or modify its decision.

The NPC Board shall be able to raise issues arising from the work of the SMC in order to discuss policy issues arising in respect of the Rulebooks.

The SMC shall report to the NPC Board and in particular raise issues relating to the substance or of the operation of the Schemes.

### 3.1.8 Meetings of the SMC

The SMC shall meet on a regular basis and not less than 2 times every year. The SMC may convene more regularly if it is appropriate to do so in the exercise of its duties.

Meetings of the SMC will be held physically or by telephone, video or web conference if deemed necessary by the SMC chair.

The SMC members shall, from the Secretariat, receive written notice of the date, time and place of a meeting no less than two (2) weeks before the date of the meeting. The Secretariat shall have the ambition to send the agenda of the meeting and the documents necessary for the discussion two (2) weeks before the date of the meeting.

Members of the SMC are required to make every reasonable effort to attend a meeting convened in accordance with this section. Where a member is unable to attend, he or she must give reasonable notice to this effect to the SMC chair.

An SMC member who is unable to attend an SMC meeting may appoint a proxy from amongst the remaining SMC members to vote at the meeting on his or her behalf.

An SMC member wishing to appoint a proxy must give reasonable notice to the SMC chair in writing. A notice to appoint a proxy may be given either electronically or in paper format.

An SMC member may not hold a proxy for more than 1 other SMC member at any SMC meeting.

The SMC chair must make every reasonable effort to attend a meeting convened in accordance with this section. Where the SMC chair is unable to attend in a particular instance, he or she may appoint another SMC member in writing to carry out the functions of the SMC chair. In such cases, the SMC chair must notify other members of the SMC in writing of this temporary appointment.

Minutes of each meeting must be prepared and filed upon approval by the SMC members.

### 3.1.9 Quorum

The quorum for the meetings of the SMC is at least 2/3 of the total membership of the SMC present either in person or by proxy. Where the quorum is not reached, a further meeting may be called within 30 Calendar Days of the date of the first meeting and this second meeting may properly convene and carry out SMC business, if more than 50% of SMC members are present either in person or by proxy and as long as the Chair is present.

### 3.1.10 Voting

The voting rights in the SMC are defined in the NPC Bylaws and NPC Internal Rules.

In respect of all matters discussed by the SMC, resolutions may be passed with the approval of 2/3 of those present and voting on the resolution at a validly convened meeting of the SMC. Blank votes and invalid votes do not count. No proposal may be decided upon if more than half of the Members presented abstain.

On a vote, a member of the SMC must disclose and manage any conflict of interest that exists or that might reasonably be expected to arise in accordance with Appendix 2.

### *3.1.10.1 Voting by written procedure*

In exceptional cases and when the urgency of the matter so requires, the SMC may take decisions by a written procedure. To that effect, the Chair, with the assistance of the Secretariat, shall send via regular mail or via any other means of written communication (including e-mail) which he/she deems fit, the proposed decision(s) to all SMC members. The communication shall be accompanied by an explanation prepared by the Chair setting forth the reasons which have led to the use of the written procedure, the deadline for the vote as well as the context of the proposed decision(s).

The proposed decision(s) shall be deemed adopted, if within 14 Calendar Days after being sent, the number of, and votes attached to, the duly completed communications returned to the Secretariat by the SMC members is sufficient to meet the quorums and voting requirements set forth in the present NPC Scheme Management Rules.

Votes in favour, against and abstentions shall be recorded separately by the Secretariat. Results of the vote must be communicated to all SMC members by the Secretariat within two (2) working days of the close of voting.

The decisions taken via the written procedure shall have the same legal force as the decisions taken at an SMC meeting.

Upon request by any SMC member submitted to the SMC chair within 5 Calendar Days from the sending to the SMC members of the written communication including the proposed decision(s), the SMC chair may agree to hold an SMC meeting by telephone in accordance with these NPC Scheme Management Rules in order to provide an opportunity for additional clarifications and for a debate on the decision item(s) that was (were) proposed to be subject to the written voting procedure. In such a case, the proposed decision(s) shall be subject to approval at the telephone SMC meeting as convened by the SMC chair.

### **3.1.11 Nomination Process**

In accordance with section 3.1.4 the SMC members are representatives of the Scheme Participants and shall be nominated by individual participants or from a “coalition” of Scheme Participants subject to Scheme usage. In addition, there can be country representatives nominated through the National Bankers’ Associations. The nominations shall be reviewed by the Nomination Committee and the Nomination Committee makes recommendations as a list of candidates for the position of the SMC member to the NPC Board, according to the NPC Bylaws.

Subject to the criteria set out in the NPC Bylaws and NPC Internal Rules, the NPC Board shall endeavour to ensure that the composition of the SMC reflects a balanced composition of Scheme Participants, bringing together a fair representation of the country, size and industry sectors of Scheme Participants.

The Nomination Committee may not recommend and the NPC Board may not appoint a candidate to the position of SMC member, or propose his or her name to the NPC Board, if the candidate is in a situation of judicial administration, or bankruptcy, judicial reorganisation, dissolution or liquidation, or is subject to insolvency proceedings of a similar nature under the laws of any jurisdiction.

The Nomination Committee may not recommend and the NPC Board may not appoint a candidate to the position of SMC member, or propose his or her name to the NPC Board, if there are reasonable grounds to believe that such a candidate is a person of ill-repute who may bring the SMC and the Schemes into disrepute.

### 3.1.12 Role of the Secretariat

The Secretariat shall provide secretarial and administrative support to the SMC.

The Secretariat shall be responsible for referring issues arising in respect of Scheme Management to the SMC, as necessary.

The Secretariat shall be responsible for approving scheme adherence applications provided that there have been no changes in the applicant's membership requirements.

### 3.1.13 Information Service

The Secretariat shall be responsible for administering an information service on NPC Schemes. The information service shall be open to everyone. Requests for information to the information service shall be in written format only, either by letter or e-mail.

The information service shall endeavour to respond to requests for information within 30 Business Days from the date of receiving the request for information.

### 3.1.14 Additional Optional Services ("AOS")

The following principles will apply to AOS:

- All AOS must not compromise interoperability of the Schemes nor create barriers to competition. The SMC should deal with any complaints or issues concerning these requirements brought to its attention in relation to compliance with the Rulebooks as part of its normal procedures.
- AOS are part of the market space and should be established and evolve based on market needs. Based on these market needs, the NPC may incorporate commonly used AOS features into the Schemes through the NPC Schemes change management processes.
- There should be transparency in relation to community AOS. In particular, details of community AOS relating to the use of data elements present in the ISO 20022 message standards (including any community usage rules for the NPC core mandatory subset) should be disclosed on a publicly available website (in both local language(s) and English).

The SMC may receive complaints from Scheme Participants in relation to the operation of community AOS in respect of the above principles. The SMC will strive to resolve the issue in an amicable way. If no solution can be found, the SMC may refer the complaint to the Function for Compliance and Adherence, which will deal with it in an appropriate way, in accordance with these NPC Scheme Management Rules.

### 3.1.15 Expenses

All participation in NPC Scheme Management will be on own cost basis.

### 3.1.16 Record Keeping

The Secretariat shall keep a record of all agendas and minutes of meetings of the SMC. The Secretariat shall use reasonable efforts to keep records relating to appeals separately from those relating to other compliance aspects of Scheme Management. Records may be held in either paper or electronic format. The SMC shall in its absolute discretion decide whether these minutes and related documentation may be made publicly available on the NPC Website or on the internal extranet of the NPC.

## 3.2 Definition of Administration and Compliance Roles

### 3.2.1 Role of the Function for Compliance and Adherence

The Secretariat is responsible for the Function for Compliance and Adherence of the NPC.

The role of the Function for Compliance and Adherence is limited to the following:

- Adherence – the Function for Compliance and Adherence shall be responsible for overseeing the adherence process for becoming a Participant in the Schemes; and
- Compliance – the Function for Compliance and Adherence shall be responsible for investigating complaints made against Scheme Participants for alleged breaches of the Rulebooks, evaluating such complaints and determining appropriate sanctions against Scheme Participants who are found to be in breach.

The Function for Compliance and Adherence is responsible for appointing an independent conciliator when needed for performing the adherence and compliance functions of NPC Scheme Management.

The Function for Compliance and Adherence shall regularly update the SMC and the NPC Board on its activities.

### 3.2.2 Handling of Appeals

The NPC Board shall be responsible for hearing appeals brought in respect of decisions taken by the Function for Compliance and Adherence in accordance with a fair process that is separate from the process of decision-making at first instance.

The NPC Board shall regularly update the SMC on these activities.

### 3.2.3 Rules for Adherence

#### 3.2.3.1 Eligibility for Participation in Schemes

In order to be eligible to participate in the Schemes, each applicant must satisfy the eligibility criteria set out in the section “Eligibility for participation” of the Rulebooks.

The Function for Compliance and Adherence shall accept any applicant that fulfils the criteria set out in the section “Eligibility for participation” of the Rulebooks and will only reject applications on the basis of failure to meet these criteria.

#### 3.2.3.2 Rules for Adherence by an Entity in a Group/Decentralised Structure

Each legal entity that seeks to adhere to a Scheme must agree to accept the rights and obligations of a Scheme Participant in relation to the relevant Scheme. Upon admission to a Scheme, the adhering legal entity shall assume all of the rights and responsibilities arising from admission to a Scheme.

A subsidiary entity or affiliate of an adhering entity, i.e. each entity that has a separate and distinct legal personality within the adhering entity's group or organisational structure, must adhere separately from a parent or group entity. A subsidiary or affiliate shall be a Scheme Participant in its own right and shall assume all the rights and responsibilities arising from admission to a Scheme.

A branch of an adhering entity, i.e. an entity that does not have separate legal personality, whether located in the jurisdiction of the adhering entity or in another SEPA jurisdiction, shall be deemed to be



legally part of the adhering entity and able to carry out NPC transactions in accordance with the Rulebooks.

### *3.2.3.3 Rules for Signing the Adherence Agreement*

An entity may sign the Adherence Agreement on its own behalf. Alternatively, an entity may give legal authority to an agent to sign the Adherence Agreement on its behalf (for example, an agent could be a parent company, another adhering entity or PSP association). An entity that appoints an agent to sign the Adherence Agreement on its behalf must ensure that the agent is given the necessary legal authority to sign. An agent must demonstrate that it possesses the legal authority to bind an adhering entity in accordance with the local law of the entities involved. An agent signing the Adherence Agreement on behalf of other entities must demonstrate by way of legal opinion of external or internal legal counsel in a form specified by the NPC that it possesses the requisite legal authority to bind such entities.

This provision permits members of a PSP community to adhere to a Scheme at the same time by nominating an agent to complete the Adherence Agreement in respect of each member. Similarly, a parent company may sign an Adherence Agreement in respect of some or all of its subsidiaries and an entity in a group or de-centralised structure may sign an Adherence Agreement in respect of each of the other entities in the group or de-centralised structure. In each case, an entity signing the Adherence Agreement that acts as an agent on behalf of another must show that it possesses the legal authority to do so.

### *3.2.3.4 National Adherence Support Organisation ("NASO")*

The NPC has, in conjunction with a national community, identified one or more NASOs. A NASO is responsible for providing basic guidance on the adherence process and on adherence applications through a helpdesk, for liaising with the Secretariat in respect of an application (as requested by the applicant) and for such other tasks as the NPC may request it to perform from time to time. A NASO also carries out a basic preliminary review of an adherence application, if requested by the applicant to do so. The NPC publishes a list of NASOs on the NPC Website.

### *3.2.3.5 Becoming a Scheme Participant*

An application to become a Scheme Participant in one or more Schemes shall be made using the form of Adherence Agreement of which is in Annex 1 of each of the Rulebooks.

The application for adherence shall be finally submitted to the NPC Secretariat. Except as otherwise indicated in section 3.2.3 of these NPC Scheme Management Rules, before submitting the application, an applicant must consult with the relevant NASO for preliminary guidance on eligibility and documentation involved in the adherence process.

The Secretariat uses reasonable efforts to send a written acknowledgement of receipt of the application to the applicant within 10 Business Days of receiving the application.

The Secretariat shall use reasonable efforts to determine the application within 60 Calendar Days of receiving the application. In the event that the Secretariat requires more time to arrive at a determination, it shall notify the applicant as soon as it is reasonably practicable to do so.

The Secretariat may request the applicant to provide such additional information as may be required in the course of determining the application.

In the course of determining the application, the Secretariat may take into consideration views expressed by national regulators (this term extends to include such bodies as insolvency officers, law enforcement authorities and local courts).

In the case of a successful application and approval of the Secretariat, the applicant or its agent will receive a written notification of admission to a Scheme. The applicant becomes a Scheme Participant and becomes subject to the Rulebooks on one of the Admission Dates published on the NPC Website or, where requested by the applicant and agreed by the Secretariat, on a deferred Admission Date specified by the applicant in advance to the Secretariat. The Secretariat may send the written notification to the applicant in paper or electronic format.

The Secretariat will make a recommendation to the Function for Compliance and Adherence when an applicant for participation in one of the Schemes or an existing Scheme Participant fails to satisfy the eligibility criteria set out in the section “Eligibility for participation” of the Rulebooks. In such case, the Function for Compliance and Adherence may decide to request the applicant or existing Scheme Participant to provide additional information, or to reject the application or terminate participation in accordance with section 3.2.3.7 of these NPC Scheme Management Rules.

#### *3.2.3.6 Register of Scheme Participants*

The Secretariat shall maintain a separate register of Scheme Participants for each of the Schemes. The register shall contain the name, contact address and other details determined by the NPC in respect of the Scheme Participant.

The registers shall be updated by the Secretariat regularly as specified in the relevant schedule published on the NPC Website.

If the Scheme Participant changes its details, so that the register does not carry accurate data in respect of the Scheme Participant, the Scheme Participant shall notify the Secretariat as soon as it is reasonably practicable to do so. For those Participants which are part of a ‘group’ as described in section 8.1 of these NPC Scheme Management Rules, such notification can be provided by the parent undertaking or the central body of the corresponding group or grouping. It is the responsibility of the Scheme Participant to ensure that the Secretariat is provided with information in relation to the Scheme Participant that is accurate and up-to-date at all times.

In the event of Scheme Participants no longer being able to pay their debts as they fall due, becoming insolvent or having ceased to exist (each an Event of Default), the Secretariat may decide to rectify the register of Scheme Participants after verification of such event with the relevant national regulator or national authority. The failure of a Scheme Participant to pay the fees mentioned in section 1.4 of these NPC Scheme Management Rules shall constitute an Event of Default for the purposes of this section 3.2.3.6, on the basis of which the NPC may, at its sole discretion and upon notice by registered mail, temporarily or permanently suspend the entry of the Scheme Participant in the register(s) of the relevant Scheme(s), as of the first following register update publication, but not earlier than 30 Calendar Days after the issuance of such notice of suspension.

The public part of the register, containing the Participants’ BIC code, name, address, operational readiness date and Scheme leaving date (if applicable), may be accessed and searched through a website of the NPC, available to all users. The register is not an operational database in respect of Scheme usage. Any operational data needed by Scheme Participants in relation to other Scheme Participants shall be supplied outside of the Schemes.

### 3.2.3.7 Unsuccessful Applications

The Function for Compliance and Adherence may reject an application for participation in one of the Schemes if an applicant fails to satisfy the eligibility criteria set out in the section “Eligibility for participation” of the Rulebooks.

Where an application is rejected, the Function for Compliance and Adherence shall provide the applicant with a letter setting out the reasons for rejecting the application.

### 3.2.3.8 Appeals

An applicant whose application for participation in one or more of the Schemes has been rejected may appeal to the NPC Board for a re-consideration of its application. A notice of appeal in such cases must be filed within 21 Calendar Days of the applicant receiving a notification of rejection of its adherence application. The appeals notice must include a copy of the adherence application together with a letter supplied to the applicant under section 3.2.3.7 NPC Scheme Management Rules.

## 3.2.4 Further Steps - Arbitration v Litigation

If the parties are unable to settle an Unresolved Issue, if a Scheme Participant gives another Scheme Participant notice that an Unresolved Issue exists and if the Unresolved Issue has not been resolved within 30 Calendar Days of service of the notice, the Unresolved Issue shall be referred by to arbitration.

Alternatively, following a failure by the relevant Scheme Participants to resolve an Unresolved Issue in accordance with the steps set out above, the parties to the Unresolved Issue may agree to submit to such other dispute resolution process (other than arbitration) as they consider appropriate, including litigation. If the relevant parties submit to litigation in accordance with this section, the relevant Scheme Participants shall conduct the litigation in a jurisdiction, and under such processes as are determined by established principles of conflicts of laws.

In arbitration or litigation proceedings, the Rulebooks shall be governed by and interpreted in accordance with Swedish law. A court or arbitrator may however apply such rules of process in relation to the proceedings as may be applicable under established principles of conflicts of laws. The parties shall inform the Secretariat of the outcome of any litigation or arbitration or other dispute resolution methods conducted by them. The parties may consult the Secretariat on matters relating to the interpretation of the Rulebooks in the course of any such arbitration or litigation proceedings.

## 3.3 Complaints Submitted to the Function for Compliance and Adherence

### 3.3.1 Role of the Function for Compliance and Adherence in Complaints

The Function for Compliance and Adherence shall oversee the implementation of the Rulebooks by Scheme Participants. The Function for Compliance and Adherence may investigate breaches or potential breaches of the Rulebooks following a complaint made by a Scheme Participant to the Function for Compliance and Adherence.

For breaches of the obligation for Scheme Participants to ensure the ongoing compliance of their own rules and procedures with the laws applicable to them, the Function for Compliance and Adherence shall only focus on violations of such obligations which are of scheme-wide importance.

For the sake of clarity, an issue of scheme-wide importance shall be understood to be a matter that could be seen as creating reputational damage to the Scheme or that could negatively affect the integrity or the proper functioning of the Scheme. The Function for Compliance and Adherence may

refuse complaints if it reaches the conclusion that a particular complaint at hand does not qualify to be of scheme-wide importance. The Function for Compliance and Adherence may decide to consult with the SMC in such matters before refusing a complaint.

Unless otherwise stated, a complaint may be submitted by any Scheme Participant and must be filed in writing with the Secretariat. A complaint that is filed with the Secretariat must state the name of the Scheme Participant that is the subject of the complaint (the "**Affected Participant**") together with details of the complaint.

In addition, the Function for Compliance and Adherence may investigate breaches or potential breaches of the Rulebooks of its own accord.

For the purposes of this section, investigations made by the Function for Compliance and Adherence into breaches or potential breaches of the Rulebooks, whether or not initiated by the Function for Compliance and Adherence itself, shall be referred to as complaints. References to the Function for Compliance and Adherence include any person nominated by the Function for Compliance and Adherence to carry out a function in relation to a complaint, and where a complaint is made by or on behalf of the Function for Compliance and Adherence itself, references to the "parties" are to the Affected Participant only.

### 3.3.2 Key Principles

In the course of carrying out its function in relation to complaints, the Function for Compliance and Adherence shall ensure that it acts in accordance with guarding the integrity and security of the Schemes based on the following general principles:

- the Function for Compliance and Adherence shall act in a manner that is impartial and objective at all times;
- the Function for Compliance and Adherence shall act in a manner that is fair to all parties, taking into account the circumstances of each case;
- the Function for Compliance and Adherence shall ensure that, as far as possible, it acts in a manner that is transparent, open and intelligible to the parties; and
- the Function for Compliance and Adherence shall ensure that it acts in a manner that is proportionate to the seriousness of the matter before it.

The deliberations of the Function for Compliance and Adherence and any discussions held in the course of evaluating and investigating the complaint shall be private and confidential, unless otherwise agreed between the parties.

### 3.3.3 Investigation of Complaint

The Function for Compliance and Adherence may delegate its power to investigate a complaint to any other person.

The Function for Compliance and Adherence shall as soon as reasonably possible notify the Affected Participant that it is subject to investigation by the Function for Compliance and Adherence. The Affected Participant shall have 28 Calendar Days from receipt of such notification to file written representations in respect of the Complaint. The Affected Participant may be required to cease any activity that could constitute conduct suspected of being in material breach of one of the Rulebooks.

Function for Compliance and Adherence investigating the complaint may in the course of the investigation call for such information and documentation from the Affected Participant as may be

relevant for determining whether a breach of a Rulebook has taken place. The Affected Participant shall use reasonable efforts to provide such information to the Function for Compliance and Adherence as is within the Affected Participant's possession, custody or control. The Affected Participant shall have 28 Calendar Days to respond to such requests for information and documentation.

The Function for Compliance and Adherence may additionally require the Affected Participant to give all reasonable assistance in the course of the Function for Compliance and Adherence investigation. A failure to provide such assistance shall be deemed to be a breach of Scheme rules and may therefore be actionable in accordance with this section. In addition, in the course of the investigation, the Function for Compliance and Adherence may consult Scheme Participants as well as end-users and suppliers and may call for information and documentation, liaising through Scheme Participants.

The Function for Compliance and Adherence investigating the complaint may engage any person in order to carry out tasks related to the investigation at the cost of the NPC and within the budget of the NPC. The Function for Compliance and Adherence may also engage a legal professional to give legal advice on any aspects of the investigation. Where this is done, the cost incurred by the Function for Compliance and Adherence and paid by the NPC may be added by the Function for Compliance and Adherence to the cost's payable under section 3.3.10 below.

#### 3.3.4 Evaluation of Complaint

The Function for Compliance and Adherence shall evaluate any information that it may obtain in the course of the investigation. It may engage a skilled person in order to carry out tasks related to the evaluation of the complaint as well as a legal professional to give legal advice on any aspects of the evaluation and adjudication of the complaint at the cost of the NPC and within the budget of the NPC. The Function for Compliance and Adherence may request advice from the SMC and the NPC Legal Support Group to determine whether a Scheme Participant is in breach of a Rulebook. The Function for Compliance and Adherence shall ensure that any person engaged in this manner shall be subject to a duty of confidentiality in respect of information acquired in the course of its engagement with the Function for Compliance and Adherence.

In the course of this evaluation, the Affected Participant shall be invited to discuss the complaint with the Function for Compliance and Adherence. The Affected Participant may seek legal advice at any stage of this process at its own cost.

When evaluating any complaint, the Function for Compliance and Adherence shall take into account the date of the alleged breach and, except in exceptional circumstances at the discretion of the Function for Compliance and Adherence or where a breach is continuing, shall determine a complaint to be invalid which relates to a breach which occurred three years or more before the complaint is filed.

In the event of a complaint as to a scheme participants' compliance of their own rules, procedures and agreements with applicable legislation, regulations or generic supervisory requirements a complainant PSP should refer such matter to the relevant competent authority. The Function for Compliance and Adherence – at its discretion - could also refer such matter to the relevant competent authority. Only issues of a scheme-wide importance shall be a matter for the Function for Compliance and Adherence in respect of its investigations and possible sanctions in the event of a complaint.

In the event of a complaint regarding a Scheme Participants' compliance with the obligation to ensure that an agreement governing the provision and use of services relating to the Scheme is consistent with the Rulebook and that such agreement is complete, unambiguous and enforceable, a complainant Scheme Participant should refer such matter to the relevant competent authority. Only issues of a scheme-wide importance shall be a matter for the Function for Compliance and Adherence in respect of its investigations and possible sanctions in the event of a complaint.

In the event of a complaint regarding a Scheme Participants' compliance with the obligation to enter into legally binding agreements with their service providers covering all functions performed by those providers in direct connection with the concerned scheme, to ensure that such agreements are complete, unambiguous and enforceable on each contractual party and / or to safeguard the ongoing compliance of such agreements with the laws applicable to them, a complainant Scheme Participant should refer such matter to the relevant competent authority. Only issues of a scheme-wide importance shall be a matter for the Function for Compliance and Adherence in respect of its investigations and possible sanctions in the event of a complaint.

For the sake of clarity, an issue of scheme-wide importance shall be understood to be a matter that could be seen as creating reputational damage to the Scheme or that could negatively affect the integrity or the proper functioning of the Scheme. The Function for Compliance and Adherence may refuse complaints if it reaches the conclusion that a particular complaint at hand does not qualify to be of scheme-wide importance. The Function for Compliance and Adherence may decide to consult with the SMC in such matters before refusing a complaint.

### 3.3.5 Sanctions

On completion of the evaluation, the Function for Compliance and Adherence shall prepare a report on the conduct of the case, setting out the facts of the case and a preliminary evaluation of the complaint.

The Function for Compliance and Adherence shall review the contents of this report, following which the Function for Compliance and Adherence may consider that:

- no further action should be taken in relation to the alleged breach of the Rulebook if the Function for Compliance and Adherence considers that either there is no evidence of a breach, or that the breach is of a trivial nature;
- discussions should take place with the Affected Participant to decide how to proceed in respect of a breach that has already occurred or one that is continuing - no sanctions are contemplated at this stage;
- discussions should take place with the Affected Participant and the Affected Participant should be sanctioned.

If the Function for Compliance and Adherence considers that the Affected Participant should be sanctioned, the Function for Compliance and Adherence shall send a written notice to the Affected Participant setting out details of the complaint and the sanction proposed, the report and any material that is believed to be relevant to the matter.

Subject to section 3.3.7, the Affected Participant shall have 30 Calendar Days following receipt of the notification to accept the sanction, or to present written or oral representations to the Function for Compliance and Adherence (the "**Representation Right**"). The Affected Participant may consult legal counsel at any stage of the sanctioning process.

In considering any representations made to it, the Function for Compliance and Adherence is not bound to follow rules of evidence, as followed in a court or tribunal. It will not normally consider oral evidence. Any party may however adduce written evidence in the course of the deliberations of the Function for Compliance and Adherence and make such representations as it considers appropriate in accordance with this section.

Within 30 Calendar Days of hearing representations from the Affected Participant, the Function for Compliance and Adherence shall determine the sanction to be made against the Affected Participant. The Function for Compliance and Adherence shall notify the Affected Participant of its determination.



The sanctions available to the Function for Compliance and Adherence are the following:

- private warning
- written notification of complaint
- public warning
- report to a national regulator or equivalent national authority, including a NASO
- termination

#### *3.3.5.1 Private Warning*

The Function for Compliance and Adherence may give a private warning to the Affected Participant. The private warning shall constitute a formal notice to the Affected Participant and aims to deter the Affected Participant from committing a further breach of a Rulebook or to cease conduct that is in breach of a Rulebook. A record of the private warning shall be made by the Function for Compliance and Adherence. This record shall be confidential.

#### *3.3.5.2 Written Notification of Complaint*

The Function for Compliance and Adherence may give a written notification of a complaint to the Affected Participant. A written notification constitutes a formal reprimand to the Affected Participant. The written notification shall set out details of the breach and is aimed to deter the Affected Participant from committing a further breach of a Rulebook or to cease conduct that is on breach of a Rulebook. The Function for Compliance and Adherence may publish details of this sanction on the Website of the NPC.

#### *3.3.5.3 Public Warning*

The Function for Compliance and Adherence may give a public warning to the Affected Participant. The public warning shall constitute a formal notice to the Affected Participant and aims to deter the Affected Participant from committing a further breach of a Rulebook or to cease conduct that is in breach of a Rulebook. The public warning shall publish the name of the Affected Participant, together with details of the breach, on the website of the NPC.

#### *3.3.5.4 Circumstances which may indicate which Warning Sanctions may be applied*

The decision as to which sanction or sanctions may be appropriate in respect of any Affected Participant shall be entirely at the discretion of the Function for Compliance and Adherence. However, the following circumstances would tend to indicate that one of the above three sanctions would be more appropriate than the sanction of termination (described below):

- the conduct of the Affected Participant did not display bad faith nor was it due to gross negligence towards other Scheme Participants or to the Scheme(s) of which the Affected Participant is part;
- the conduct of the Affected Participant did not display dishonesty and the Affected Participant did not act in a grossly unprofessional manner;
- the breach was not of such a serious nature as to potentially undermine the operation and integrity of one of the Schemes;
- the Affected Participant had not committed a breach, or a breach of this type, in the past;

- the breach was of a nature that the Function for Compliance and Adherence believes would be best addressed by deterrent action envisaged by these three sanctions and that it remains appropriate for the Affected Participant to continue as a Scheme Participant in the relevant Scheme(s) rather than facing expulsion under the sanction of termination; and
- the breach can be rectified without loss or cost to any other Scheme Participant or user or the NPC

As regards which of the three Warning Sanctions might be applicable to any case:

- a private warning may generally be considered more appropriate for a first breach where the breach was not of a serious nature, had not adversely affected other Scheme Participants or the Scheme(s), and there would be no merit in other Scheme Participants being informed of the breach;
- a written notification of complaint, being a formal reprimand, would be applied where the Function for Compliance and Adherence considered the breach to be of a sufficiently serious nature to record a reprimand against the firm. The Function for Compliance and Adherence may consider publishing the notification on its website if it believed this would be in the interests of other Scheme Participants and/or the Scheme(s);
- a public warning, being a formal notice, would be applied in the case of a more serious breach and where the Function for Compliance and Adherence believes it would be in the interests of other Scheme Participants and/or the Schemes to publicise the notice. This sanction is the most likely of the three to be used in conjunction with the sanction of termination.

### *3.3.5.5 Report to National Regulator*

In addition to giving a private warning, public warning or written notification of breach, the Function for Compliance and Adherence may report the Affected Participant to its national regulator, NASO or to an equivalent national authority. The regulator shall be provided with the name of the Affected Participant together with details of the conduct of the Participant.

Considerations which may indicate the appropriateness of this sanction would be if the Function for Compliance and Adherence believed that the breach by the Affected Participant may also constitute a breach of the rules or guidelines of a relevant regulator or if the Affected Participant's conduct cast doubt on its fitness and propriety to continue as a regulated entity. However, the decision whether or not to report a breach by an Affected Participant to a regulator will be entirely at the Function for Compliance and Adherence's discretion.

### *3.3.5.6 Termination*

In addition to making a report to a relevant national regulator or giving a private warning, written notification of breach or public warning to the Affected Participant, the Function for Compliance and Adherence may terminate the participation of an Affected Participant in a Scheme in the following circumstances:

- where the breach committed by the Affected Participant is sufficiently serious to undermine the operation and integrity of a Scheme;
- where the Affected Participant has committed a repeated breach of a Rulebook, notwithstanding any earlier sanctions given to the Affected Participant by the Function for Compliance and Adherence;

- where the conduct of the Affected Participant displays bad faith or gross negligence towards other Scheme Participants or towards the Scheme(s) of which it is part; or
- where the conduct of the Affected Participant displays dishonesty or is grossly unprofessional.

Before making a termination order, the Function for Compliance and Adherence may consult with relevant groups to determine the impact of the sanction. Such groups may include other Scheme Participants, the NPC Board, clearing and settlement mechanisms or PSP communities. The Function for Compliance and Adherence shall consult with relevant regulators before applying the termination sanction.

If the Function for Compliance and Adherence decides to terminate the participation of an Affected Participant, it shall make a termination order setting out the terms and conditions on which the termination is to be effected. Such an order shall set out the steps to be taken by the Affected Participant to ensure the continued orderly and efficient operation of the Schemes.

In the event of termination, the Affected Participant shall be barred from exercising rights under the Rulebooks in accordance with the terms and conditions set out in the termination order. The Affected Participant shall fulfil all obligations arising under the Rulebooks in accordance with the termination order.

If the participation of an Affected Participant is terminated, the Affected Participant may re-apply to join the relevant Scheme after 6 months, starting from the date of the termination of its participation. However, an Affected Participant may re-apply earlier if it can demonstrate to the Function for Compliance and Adherence that it has remedied the breach and/or that there is no reasonable likelihood of the Scheme Participant committing the breach in future. The Function for Compliance and Adherence shall publish details of a termination of participation on the website of the NPC together with the relevant order and details of the conduct giving rise to the complaint.

### 3.3.6 Emergency Injunction Procedure

Where a termination order is issued to an Affected Participant, such Affected Participant may within 21 Calendar Days of receiving notification of the order, apply for an injunction against such order to a competent court in Sweden, during which time the sanction shall be suspended pending the court's determination of the matter. Where the court decides not to grant the injunction requested by the Affected Participant, the Function for Compliance and Adherence may enforce the conditions of the termination order. The courts of Sweden shall have exclusive jurisdiction in respect of proceedings brought in accordance with this section.

### 3.3.7 Appeals Arising from Complaints

Within 30 Calendar Days of receiving the notification of a sanction, the Affected Participant may appeal to the NPC Board.

### 3.3.8 Timing of Sanctions

Except in exceptional circumstances described in more detail below, a determination by the Function for Compliance and Adherence of a sanction to be made against an Affected Participant shall not take effect until the conclusion of appeals proceedings before the NPC Board that may be commenced in accordance with these NPC Scheme Management Rules, or until such time as the time period for referring a matter to an appeal to the NPC Board has expired in accordance with these NPC Scheme Management Rules.

Of all sanctions available to the Function for Compliance and Adherence, the imposition of the following sanctions only shall be suspended awaiting the determination of the appeal: (i) public warning, (ii) report to national regulator or equivalent national authority, including NASO, and/or (iii) termination.

The following applies only if the Function for Compliance and Adherence considers that the conduct or circumstances of the Affected Participant will undermine the operation of any of the Schemes or would cause a serious risk of undermining the operation of any of the Schemes. The Function for Compliance and Adherence may impose a sanction of which it has notified the Affected Participant with immediate effect, or at any other time specified by the Function for Compliance and Adherence. In particular, the Function for Compliance and Adherence may impose a sanction in such circumstances even though the Representation Right has not expired; or any appeal that has not yet been determined.

However, both the Representation Right and the right to appeal against any sanction will remain available to any Affected Participant notwithstanding the expedited imposition of any sanction. The decision whether or not to expedite the imposition of sanctions under this section 3.3.8 shall be entirely at the discretion of the Function for Compliance and Adherence, however, issues which would tend to indicate the need for such action would be insolvency, loss of regulatory licence(s), or criminal conviction of the Affected Participant.

In cases where a sanction takes effect with immediate effect or at any other time specified by the Function for Compliance and Adherence, the sanction shall remain in force for as long as determined by the Function for Compliance and Adherence or until it is revoked by a determination of the case at appeal. No Affected Participant will have any right of recourse against the Function for Compliance and Adherence for any loss suffered due to the imposition of a sanction if a sanction is subsequently revoked on appeal or under any other circumstances.

### 3.3.9 Eligibility, Merger and Acquisition of a Scheme Participant

In addition to the circumstances set out in section 3.3.1, the Function for Compliance and Adherence may investigate, initiate or respond to a complaint in the following circumstances:

- a Scheme Participant has failed to satisfy one or more of the Scheme eligibility criteria; and
- a Scheme Participant has failed to notify the NPC of its intention to terminate its participation under the section "Termination" of the relevant Rulebook,

The Function for Compliance and Adherence may treat evidence of the existence of these circumstances coming to its attention as if it were a formal complaint, and deal with the matter in accordance with section 3.3.1 of these NPC Scheme Management Rules. Any references to a 'breach' of the Rulebooks in section 3.3.1 shall include a breach of the Adherence Agreement (including the representations and warranties set out in the Adherence Agreement) entered into by the Scheme Participant and may be treated by the Function for Compliance and Adherence as being references to the circumstances set out in this section 3.3.9.

### 3.3.10 Costs

An upfront, non-refundable administrative fee outlined in Appendix 3 of the NPC Scheme Management Rules on the Scheme Management cost recovery mechanism will be payable by the complainant to the NPC, upon lodging the complaint, to cover basic administrative costs. This fee will be recoverable from the losing party, as appropriate. Appendix 3 of the NPC Scheme Management Rules listing this fee will be reviewed regularly and adjusted in line with any actual costs incurred in the first year plus a

reasonable increase uplift for anticipated increases in costs in the year in question and will be adjusted accordingly in subsequent years.

The NPC will ensure that any fee set under this section is quantified so as to be consistent with the costs incurred and paid by the NPC and the NPC's status as a non-profit organisation under Swedish law. In addition, any relevant non-administrative costs incurred during the course of the proceedings will be recovered from the losing party.

Where the complaint is withdrawn by the complainant before a formal Function for Compliance and Adherence decision on the complaint has been made, the Function for Compliance and Adherence's costs incurred to handle the complaint proceedings up to that point in time will be recovered from the complainant.

Where the Function for Compliance and Adherence initiates a complaint, it may require the Affected Participant to contribute to any costs incurred by the Function for Compliance and Adherence in relation to the complaint, if the Affected Participant were found to be in breach of the Rulebook(s).

## 4. Maintenance and Change Management

### 4.1 Change Management Process

#### 4.1.1 Change Management - Guiding Principle

It is a key objective of the NPC that the Schemes are able to evolve with an evolving payment services market. To meet the demands of the Scheme Participants and stakeholders including end-users and PSP communities, the Schemes shall be subject to a change management process that is structured, transparent and open, governed by the rules of the management and change management function of NPC Scheme Management.

The key principles underpinning change management are the following:

- Innovation - the Schemes shall be open to innovative proposals to improve delivery of the Schemes in order that the Schemes are competitive, efficient and able to benefit from the latest developments in payments technology.
- Compliance with applicable legislation and regulation - the Schemes shall be and remain at all times in compliance with the relevant Nordic and EU legislation and with any relevant regulatory requirements.
- Transparency - the change management process shall be transparent and open so that changes implemented into the Schemes are carefully considered and scrutinised. Establishing open channels for Scheme Participants, end-users and suppliers to propose changes is a key aim of change management.
- Impact analysis - proposals for change are supported, where appropriate, by a careful analysis evaluating its impact on the Customer-to-PSP, the PSP-to-PSP and the PSP-to-Customer domains to ensure that changes implemented into the Schemes are viable.
- Remain close to the SEPA Schemes – where there are SEPA equivalents to NPC Schemes the aim of the NPC Schemes is to stay as close as possible to the SEPA schemes in order to facilitate interoperability
- Development of payments in the Nordics - the Schemes are seen as an important platform for Scheme Participants to develop Nordic products and services that allow both end-users and Scheme Participants to take advantage of.

#### 4.1.2 Change Management – Terminology

The change management process shall involve ideas for changes being formulated as follows:

**Change Request** - A Change Request denotes any concrete and comprehensible proposal for making a change to the Schemes which is to be presented along with a substantiated reasoning on why and how it concerns the Initiator (or the stakeholders it is representing). A Change Request may be devised by any individual or organisation that is able to claim a legitimate interest in this change management process and is submitted to the Secretariat in accordance with these NPC Scheme Management Rules.

**Initiator** - Refers to an individual or organisation that submits a Change Request in accordance with these NPC Scheme Management Rules.

**SMC Recommendation** - The Scheme Management Committee (SMC) is in charge of analysing the Change Request. The analysis will be performed by a Working Group appointed by the SMC. Following



its analysis, the Working Group makes a Recommendation about the Change Request. Both the Change Request and the related Recommendation will be submitted for a Public Consultation.

**Public Consultation Document** - The Working Group consolidates all received Change Requests in accordance with these NPC Scheme Management Rules and its Recommendation on each Change Request in a Public Consultation Document.

**Public Consultation** - The Public Consultation starts with the publication of the Public Consultation Document on the NPC Website. Scheme Participants and Stakeholders have the opportunity to comment on the Change Requests and related Recommendations described in the Public Consultation Document.

**Change Proposal** – The Working Group formulates a Change Proposal based on the outcome of the Public Consultation on the Change Requests and the related Recommendations.

Where the Change Request proposes to modify the Rulebooks and any related documentation, a Change Proposal shall include a mark-up of the Rulebooks and any related documentation to show the proposed amendments to be made to the Rulebooks and related documentation when the change would be implemented.

**Change Proposal Submission Document** - The SMC makes the Change Proposal Submission Document which is a consolidation of the Change Requests, the related non-confidential comments received from the contributors during the Public Consultation and the related Change Proposals.

The Change Proposal Submission Document also indicates that each stage of the change management process has been completed.

#### 4.1.3 Role of SMC and NPC Working Groups

The management and change management function of NPC Scheme Management shall be performed by the SMC and if needed supported Working and/or Support Group(s).

The SMC can formulate proposals to and interact with regulators, stakeholders and end-users on the change management of the NPC Schemes and implement changes, taking into account the overall strategy and policy goals of the NPC, identifying key needs and finding appropriate solutions.

The SMC can choose to be supported by a Working Group. The Working Group is the co-ordination and administration body for change management whose role involves liaising with Initiators, reviewing Change Requests, formulating Change Proposals and guiding these through the change management process. The Working Group shall operate in accordance with its terms of reference. The Chair of the Working Group, who may or may not be a member of the SMC, shall be invited to attend all SMC meetings.

#### 4.1.4 Submission of Change Requests to the Secretariat

A Change Request as described in section 4.1.2 shall be submitted to the Secretariat in accordance with the rules set out in this section. Change Requests shall be submitted in all cases in accordance with a format which will be published for this purpose on the NPC website.

The Initiator needs to substantiate the interests it represents (e.g., a specific institution, an association of institutions at national or international) in order that the SMC and the Working Group and any contributor during the Public Consultation can understand the potential impact of the change request on the concerned Scheme Participant or stakeholder.

It is recommended that different individuals or organisations representing as a whole a specific stakeholder community at national and/or at international level through e.g., an association or a representative body, agree first on a joint Change Request on that stakeholder community level and then submit it to the Secretariat. Such a joint Change Request will ease the Change Request review process for the Working Group prior to the Public Consultation and for the contributors when analysing the Change Requests during the Public Consultation.

It is recommended that the Initiator supports the Change Request, where appropriate, with an impact analysis (set out in chapter 5 of these NPC Scheme Management Rules). Such an impact analysis emphasizes the merits of the Change Request and can influence the formulation of the Working Group Recommendation on the Change Request prior to the start of the Public Consultation and the opinion of the contributors when analysing the Change Requests during the Public Consultation.

#### 4.1.5 Acknowledgement of Receipt of a Change Request

The Secretariat shall acknowledge receipt of the Change Request to the Initiator within 21 Calendar Days of receiving the Change Request. An acknowledgement of receipt does not imply that a Change Request has been accepted but only that the Change Request has been received.

#### 4.1.6 Consideration of a Change Request

The Working Group shall analyse (a) whether the change as suggested in a Change Request falls within the scope of the Scheme and (b) whether the change proposed by the Change Request is a Minor Change or a Major Change.

In respect of (a), as part of this analysis, the Working Group shall consider the change proposed by a Change Request in accordance with the following broad criteria:

- the change presents a case for wide Nordic market-acceptance;
- the change is sufficiently concrete;
- the change is feasible to implement; and
- the change must not compromise Nordic interoperability of the Schemes or the integrity of the Schemes.

In respect of (b), the Working Group shall assess whether a Change Request proposing a change can be defined as a Minor Change or a Major Change.

A Minor Change is a change of an uncontroversial and usually technical nature that facilitates the comprehension and use of the Rulebooks. Clarifications of existing rules shall not be deemed to affect the substance of the Rulebooks or the Schemes and will therefore be a Minor Change. Examples of such changes include corrections of spelling mistakes, grammatical corrections, or minor adjustments to technical standards in the Rulebooks to take account of upgrades. More information about the process for Minor Changes are set out in section 4.3 of these NPC Scheme Management Rules.

A Major Change by contrast is a change that affects or proposes to alter the substance of the Rulebooks and the Schemes. Examples of such changes include the addition or development of new technical standards, proposals for new services to be offered in the Schemes, or changes affecting policy. Any change to chapters “Rights and Obligations of Participants” and “NPC Scheme Management” of the Rulebooks shall always be a Major Change. Changes that are classified as Major Changes are approved through detailed consultation, as set out in section 4.2 of these NPC Scheme Management Rules.

Any change to the NPC Scheme Management Rules shall not be counted as Minor Change. Such Change Requests shall be submitted first to the NPC Legal Support Group for its advice. The Change Request and the related NPC Legal Support Group advice are then presented to the SMC for a first assessment unless the Change Request was initiated by the SMC itself. Any decision to integrate or not to integrate a Change Request for change to the NPC Scheme Management Rules into the Public Consultation Document must be endorsed by both the SMC and the NPC Board.

#### 4.1.7 Publication of Change Requests

All Change Requests that comply with the published NPC template for Change Requests and with the section 4.1.4 of these NPC Scheme Management Rules shall be submitted for Public Consultation. The Working Group shall provide the Initiator with a written response before the start of the Public Consultation indicating the reasons in the event that a Change Request cannot be considered for the Public Consultation.

### 4.2 Process for Major Rulebook Change

#### 4.2.1 Preparation of SMC Recommendation

Once a Change Request from the Initiator has been classified as a Major Change by the Working Group, the Working Group is responsible for analysing in detail the submitted Change Request (and if provided the related impact analysis) and for preparing its Recommendation for the Public Consultation.

The analysis of the Working Group will also indicate if the Change Request meets the criteria set out in section 4.1.6 of these NPC Scheme Management Rules. The Working Group may ask the Initiator to provide an impact analysis to demonstrate the potential of the Change Request.

The Working Group will determine whether any Change Request which includes a request for expedited implementation in accordance with section 4.2.7 of these NPC Scheme Management Rules on grounds that the proposed change constitutes a non-operational change, does indeed qualify as such. If the Working Group is satisfied that a Change Request would have no operational impact on Scheme Participants and that it is suitable for an expedited implementation, the Working Group will make a recommendation to the SMC that the Change Request is implemented as a non-operational change in accordance with section 4.2.7.

Where the change as presented in the Change Request proposes to modify the Rulebooks and any related documentation, the Working Group recommendation on the basis of the Change Request shall also show the likely amendments to be made to the Rulebooks and related documentation in case of implementing the proposed change.

The Working Group shall make all reasonable efforts to complete the analysis and its recommendation for each Change Request in a timely manner. Each Change Request will be given one of the Working Group Recommendation options below:

- a) The change is **already provided for** in the Scheme: no action is necessary for the NPC
- b) The change **should be incorporated into the Scheme**: the Change Request becomes part of the Scheme and the Rulebook is amended accordingly
- c) The change should be included in the Scheme as an optional feature:
  - The new feature is optional and the Rulebook will be amended accordingly;

- Each Scheme Participant may decide to offer the feature to its Payment Service Users, or not.
- d) The change is not considered fit for Nordic wide use and could be handled as an additional optional service (AOS) by interested communities:
  - The proposed new feature is not included in the Rulebook or in the Implementation Guidelines released by the NPC related to the Rulebook;
  - The development of AOS is out of scope of the NPC. However, the NPC does publish declared AOS arrangements on the NPC Website for information purposes;
  - The NPC may consider the inclusion of AOS arrangements, if supported by a sufficient number of communities, in a future version of the Rulebook;
- e) The change **cannot be part** of the Scheme:
  - It is technically impossible or otherwise not feasible (to be explained on a case by case basis);
  - It is out of scope of the Scheme;
  - It does not comply with the SEPA Regulation or any other relevant EU, Nordic or Swedish legislation.
- f) The change request may be considered for the development of a **new scheme**:
  - The change request reflects major changes which cannot be integrated into an existing scheme;
  - To develop the change request further, i.e. to develop a new scheme, the following requirements should be met;
  - The benefits of the new scheme for payment end users are demonstrated prior to the launch of the development phase;
  - It is demonstrated that a sufficient number of stakeholders will make use of the new scheme;
  - A cost-benefit analysis is provided;
  - It complies with the SEPA Regulation or any other relevant EU, Nordic or Swedish legislation.

The Working Group will share the Public Consultation Document containing the Change Requests and the related Working Group recommendations with the SMC prior to the start of the Public Consultation on the Change Requests.

## 4.2.2 Dialogue

### 4.2.2.1 With the Initiator

In the course of developing its recommendation on the Change Request, the Working Group may consult with the Initiator for clarification purposes. To that end the Working Group can invite the Initiator to present its Change Request(s).

The Initiator can also ask the Secretariat to present its Change Request in further detail to the Working Group.

#### 4.2.2.2 *With the Nordic regulators/Overseer*

The Secretariat shall have a dialogue with the Nordic regulators and overseers to inform about scheme development and any planned changes to the scheme. This information process will be detailed with the regulators and overseers.

### 4.2.3 Public Consultation on Change Request

Once the Working Group has concluded on its recommendations related to each Major Change Request, the Working Group shall begin the process of consulting Scheme Participants and stakeholders including end users and service suppliers on the submitted Change Requests, via a Public Consultation. The Public Consultation shall start with the publication of the Public Consultation Document on the NPC Website.

The Working Group shall aim to conclude the Public Consultations after 90 Calendar Days of publication of the Public Consultation Document on the NPC Website.

#### Scheme Participants

All Participants to the Schemes should be asked whether they support or not the Change Request or the related Working Group Recommendation. Scheme Participants may provide comments on the Change Requests to the Working Group.

Such community feedback is essential to determine whether a Change Request is supported by a majority of the responding Scheme Participants. It is a valuable contribution for the SMC during its deliberations to accept or not a Change Proposal (reference is made to section 4.2.5 of these NPC Scheme Management Rules).

#### End-user and suppliers

End-users and suppliers can give contributions through the Stakeholder Forum as described under section 4.4 of these NPC Scheme Management Rules.

### 4.2.4 Process following Public Consultation

The Working Group shall collect and analyse the support for each Change Request and the comments received from all Scheme Participants and stakeholders and shall develop its Change Proposals based on the comments received from the Public Consultation.

A Change Proposal as developed by the Working Group may bring together more than one change, developed from one or more Change Requests.

The Working Group will consolidate the Change Proposals, along with each Change Request and the related non-confidential comments received from the contributors during the Public Consultation, in the Change Proposal Submission Document.

The Change Proposal Submission Document shall indicate that each stage of the change management process, from initiation to consultation, has been properly completed in respect of the Change Request submitted.

The Change Proposal Submission Document is then submitted to the SMC for decision making purposes in accordance with section 4.2.5 of these NPC Scheme Management Rules, and to the Stakeholder

Forum. The Stakeholder Forum formulate their respective positions as described in section 4.4 of these NPC Scheme Management Rules and address them to the SMC for its final deliberations in accordance with section 4.2.5.

#### 4.2.5 SMC Deliberations on the working group Change Proposal Submission Document and on the Positions from the NPC Stakeholder Forum

The SMC deliberates on the Change Proposal Submission Document from the Working Group and the position documents from the Stakeholder Forum. The SMC shall finally determine whether or not to accept a Change Proposal after consideration of the position from the NPC Stakeholder Fora in accordance with section 4.4 of these NPC Scheme Management Rules.

If the SMC considers that the Change Proposal could be of strategic relevance to the NPC, for example when the Change Proposal relates to the geographic scope of the NPC Schemes or to the Change release process and cycle itself, the Change Proposal shall be submitted for endorsement to the NPC Board, without which it could not be accepted by the SMC.

#### 4.2.6 Publication

The Change Proposal Submission Document submitted to the SMC shall be published on the NPC Website along with the decision of the SMC on each Change Proposal. The Working Group shall publish all Change Requests and Change Proposals, irrespective of whether the change has been accepted or rejected at the SMC.

#### 4.2.7 Change Release Process Cycle

The SMC shall launch a Change Release Process at a minimum every two years but may at its discretion decide on a shorter cycle. This will ensure that Scheme Participants and stakeholders have sufficient time to gain sufficient experience with the respective changes of the last change cycle.

The NPC vision is to be as closed to the EPC SEPA Schemes, when applicable and hence the change management cycles in the NPC will be as synchronised as possible with the EPC.

This should further ensure Scheme stability for all actors. In order to ensure that the Schemes are not disrupted by the rapid implementation of numerous Change Proposals in a short space of time, it shall not be possible for the SMC to approve more than 1 Change Proposal Submission Document in any year, except in exceptional circumstances (see sections 4.2.8 and 4.2.9 of the NPC Scheme Management Rules).

The NPC may only implement a Change Proposal, as approved by the SMC, at the earliest 6 months after the date on which the Change Proposal is published on the NPC Website in accordance with section 4.2.6. In respect of complex changes, the NPC may specify a longer period of notice before implementing a Change Proposal.

The NPC may implement a Change Proposal on shorter notice where the change proposed pertains to any section of these NPC Scheme Management Rules. Changes proposed to any section of these NPC Scheme Management Rules shall take effect on a date to be determined by the SMC but not earlier than 30 calendar days after SMC approval.

A change which has been designated by the SMC as a non-operational change suitable for expedited implementation under section 4.2.1 of these NPC Scheme Management Rules may be implemented at a date earlier than 6 months after the date on which the Change Proposal is published on the NPC



Website. Such date will be determined by the SMC on a case by case basis following consideration of a recommendation from the Working Group.

#### 4.2.8 Exceptional Change

In exceptional circumstances, the SMC can approve the urgent implementation of a Change Proposal only in cases whereby the failure to implement a change may result in a disruption to the Schemes or to users of the Schemes (e.g., material mistakes or significant flaws in the Scheme are reported).

The Working Group shall prepare, in close cooperation with the NPC Legal Support Group, an Exceptional Change Proposal Submission Document for submission to the SMC alongside the Exceptional Change Proposal. The Stakeholder Forum will provide their respective position documents on the Exceptional Change Proposal to the SMC.

The SMC shall determine whether or not to accept the Exceptional Change Proposal.

An Exceptional Change Proposal that has been considered by the SMC shall be published on the NPC Website together with the Exceptional Change Proposal Submission Document and the decision of the SMC.

The NPC may implement an Exceptional Change Proposal, as approved by the SMC, at the earliest from the Business Day following the date on which the Exceptional Change Proposal is published on the NPC Website. Such date will be determined by the SMC on a case by case basis.

#### 4.2.9 Change for Regulatory Reasons

The creation of or amendments to relevant rules and regulations might necessitate the urgent alignment of the Schemes with such rules and regulations.

In such case the Working Group, in close collaboration with the NPC Legal Support Group, will prepare a Regulatory Change Proposal. This will be done as soon as reasonably possible, in light of the date on which the new or amended rules and regulations will enter into force.

The Working Group shall complete a Regulatory Change Proposal Submission Document for submission to the SMC alongside the Regulatory Change Proposal. The Regulatory Change Proposal Submission Document shall specify that the change proposed relates to a mandatory rule of law, and the reasons why the regular change management process could not be followed.

The SMC shall determine whether or not to accept the Regulatory Change Proposal.

A Regulatory Change Proposal that has been considered by the SMC shall be published on the NPC Website together with the Regulatory Change Proposal Submission Document and the decision of the SMC.

The NPC may implement a Regulatory Change Proposal, as approved by the SMC, at the earliest from the Business Day following the date on which the Regulatory Change Proposal is published on the NPC Website. Such date will be determined by the SMC on a case by case basis following consideration of a recommendation from the Working Group and the NPC Legal Support Group.

### 4.3 Process for Minor Rulebook Changes

The Working Group shall notify the List of Minor Changes within the Public Consultation Document used for Major Rulebook Changes (see section 4.2.3 of these NPC Scheme Management Rules).

As Minor Changes do not affect the substance of the Rulebooks or the Schemes, the contributors taking part in the Public Consultation are not requested to provide comments to these Minor Changes. These Changes will also be included in the Working Group Change Proposal Submission Document (see section 4.2.4 and 4.2.5 of these NPC Scheme Management Rules).

In the event that the Working Group receives extensive comments on the List of Minor Changes, where some items on the list are identified by contributors as potentially Major Changes, the Working Group may remove the item from the List and consider re-classifying this item.

The Working Group shall consult with the relevant Initiator(s) on the status of the item with a view to determining whether a change is a Minor or a Major Change. Following such a consideration, the change may be re-classified as a Major Change and to be approved through the approval process for Major Changes, as set out in these NPC Scheme Management Rules.

#### 4.4 NPC Stakeholder Forum

The NPC has established a Stakeholder Forum. The SMC shall consider the position documents from the NPC Stakeholder Forum on a Change Request and on the relevant Change Proposal during the change management process. End-users and suppliers shall have an opportunity to present their views through stakeholder forum. The change management process shall aim to capture a range of stakeholder opinions in the Nordics.

The NPC Stakeholder Forum is established in order to cater for a thorough consultation of end-user representative associations for advice to the SMC on the change management of the Schemes.

The NPC Stakeholder Forum shall represent a wide cross-section of interest groups at the Nordic level, including consumers, large users and small and medium sized enterprises as well as various types of technology and service providers including Clearing and Settlement Mechanisms (CSMs). This stakeholder forum shall operate in accordance with terms of reference concluded with the SMC.

The SMC shall request through a public call for Stakeholder Forum candidates, properly established, representative Nordic end-user associations or major pan-Nordic end-users with presence in multiple countries to nominate a representative(s).

It is open for organisations nominating a representative to withdraw a member from this forum at any stage and replace this member with another representative. However, to encourage continuity in the work of the forum, the forum should aim, as far as reasonably possible to have a stable and committed membership.

The NPC shall have discretion in deciding whether a stakeholder group at the Nordic level is sufficiently established to qualify as a nominating stakeholder group.

The Stakeholder Forum will meet at least twice per year to reflect on the maintenance and change management of the Schemes.

The Stakeholder Forum has no decision-making power but is a consultative body to the NPC.

The Stakeholder Forum is invited to provide its consolidated comments in a position document on the Change Requests and on the related Change Proposals outlined in the Change Proposal Submission Document. This position document will be communicated to the SMC.

#### 4.5 Risk Management Annex

The SMC will be responsible for Risk Management Annexes to the Schemes ("RMA") to be approved by the NPC Board.

## 5. Terms Defined in the NPC Scheme Management Rules

Definitions taken from other documents are acknowledged. Terms defined elsewhere in this document are not repeated here, but only referenced.

TERM	DEFINITION
<b>Additional Optional Services</b>	Complementary features and services based on the Scheme, as described in the Rulebooks.
<b>Adherence Agreement</b>	The agreement to be completed as part of the process by which an entity applies to become a Scheme Participant. The agreement is found as ANNEX I of the Rulebooks.
<b>Admission Date</b>	A date specified for admission to one of the Schemes for a group of successful applicants.
<b>Affected Participant</b>	A Scheme Participant that is subject to proceedings before the Function for Compliance and Adherence in accordance with section 3.4 of these NPC Scheme Management Rules.
<b>Business Identifier Code (BIC)</b>	An 8 or 11 character ISO code assigned by SWIFT and used to identify a financial institution in financial transactions.
<b>BIC</b>	See 'Business Identifier Code'.
<b>Business Day</b>	A day on which PSPs in the relevant jurisdiction are generally open for business with Payment Service Users (PSU).
<b>Calendar Day</b>	A Calendar Day means any day of the year
<b>Chair</b>	Chair refers to the Chair of the SMC
<b>Change Proposal</b>	A Change Proposal is formulated by the Working Group on the basis of the Initiator's Change Request. A Change Proposal should take into account any impact analysis that may be submitted together with the Change Request, and any other details in relation to the change proposed. Where the change proposed in the Change Request modifies the Rulebooks or related documentation, a Change Proposal shall include a mark-up of the Rulebooks and related documentation to show the amendments required to be made to the Rulebooks and related documentation as a result of the change proposed.
<b>Change Proposal Submission Document</b>	Is a consolidation of the Change Requests, the related non-confidential comments received from the contributors during the Public Consultation and the related Change Proposals. The document is prepared by the Working Group and certifies that each stage of the change management process has been properly completed.

TERM	DEFINITION
<b>Change Request</b>	A Change Request means any concrete and comprehensible proposal for making a change to the Schemes which is to be presented along with a substantiated reasoning. A Change Request may be devised by any individual or organisation that is able to claim a legitimate interest in this change management process (the “Initiator”) and then submitted to the Secretariat in accordance with the procedures set out in these NPC Scheme Management Rules.
<b>CSM</b>	A Clearing and Settlement Mechanisms
<b>EU</b>	The European Union
<b>Event of Default</b>	Each event indicating that a Scheme Participant is no longer able to pay its debts as they fall due, becomes or became insolvent or has ceased to exist (each an Event of Default), including but not limited to the failure of a Scheme Participant to pay the fees mentioned in section 1.4 of these NPC Scheme Management Rules.
<b>Function for Compliance and Adherence</b>	The function of the NPC Secretariat that performs the compliance and adherence functions of the NPC Scheme Management as defined in section 3.2.1.
<b>IA</b>	Impact analysis
<b>Initiator</b>	Any individual or organisation submitting a Change Request
<b>List of Minor Changes</b>	As defined in section 4.3 of these NPC Scheme Management Rules
<b>Major Change</b>	As defined in section 4.1.6 of these NPC Scheme Management Rules
<b>Minor Change</b>	As defined in section 4.1.6 of these NPC Scheme Management Rules
<b>NASO</b>	National Adherence Support Organisation, as explained in section 3.2.3 of these NPC Scheme Management Rules.
<b>NPC</b>	The Nordic Payments Council
<b>NPC Board</b>	The Board as defined as defined in of the NPC Bylaws
<b>NPC Bylaws</b>	The Bylaws of the NPC, as amended from time to time
<b>NPC Founding Member</b>	A Member of the NPC as defined in of the NPC Bylaws.
<b>NPC Member</b>	NPC Founding Member and NPC Scheme Member collectively as defined in the NPC Bylaws.

TERM	DEFINITION
<b>NPC Office Holders</b>	Is each of the following: the NPC Chair, the NPC Secretary General, the Scheme Management Committee and the Chairs of the NPC Working Groups, task forces and Support Groups.
<b>NPC Scheme</b>	An NPC Scheme is a common set of business rules, practices and standards for the provision and operation of a payment or payment related instrument agreed at an inter-PSP level in a competitive environment for defined currencies. A Scheme consists of a rulebook, implementation guidelines and other additional documents.
<b>NPC Scheme Management</b>	NPC Scheme Management denotes the governance, development and compliance mechanisms in relation to an NPC Scheme.
<b>NPC Scheme Member</b>	A Member of the NPC as defined in of the NPC Bylaws.
<b>NPC Scheme Management Rules</b>	These are the NPC Scheme Management Rules for Scheme Management set out in this document, as amended from time to time
<b>NPC Stakeholder Forum</b>	As defined in section 4.4 of these NPC Scheme Management Rules
<b>Payment Service User (PSU)</b>	A natural or legal person making use of a payment service in the capacity of payer, payee, or both. Such entity can take up the role of Originator and/or Beneficiary under the Scheme.
<b>Payment Services Directive</b>	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (PSD 2).
<b>PSP</b>	Any 'Payment Service Provider' as defined in PSD2 that is eligible to participate in a Scheme in accordance with the section "Eligibility for participation" of the Rulebooks
<b>Rulebook</b>	Covers all the NPC Scheme Rulebooks.
<b>Scheme</b>	Each of the published NPC Schemes as defined on the NPC website
<b>Scheme Management Committee, or "SMC"</b>	The NPC body that is responsible for performing the NPC Scheme Management Functions as defined in the NPC Scheme Management Rules
<b>Scheme Participant</b>	An entity that has adhered to one or more NPC Schemes in any capacity.
<b>Secretariat</b>	The NPC body as defined in the NPC Bylaws.

TERM	DEFINITION
<b>SEPA</b>	SEPA is the area where citizens, companies and other economic actors will be able to make and receive payments in euro, within all the EU Member States, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location.
<b>SEPA Regulation</b>	Regulation (EU) No 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009
<b>Unresolved Issue</b>	Any dispute in relation to the Rulebook.
<b>Working group</b>	A working group reporting to the SMC.



## 6. Appendix 1 – Impact Analysis

### 6.1.1 Impact Analysis ("IA") – Introduction

An IA evaluates the impact of a Change Request together with a practical assessment of its benefit for the industry, including the Scheme Participants, the end-user, and the society as a whole.

### 6.1.2 IA - Analytical Parameters

An IA shall illustrate the following:

- The impact for the industry, including Scheme Participants and suppliers of payments technology and infrastructure including costs and benefits;
- The impact on the relationships PSP-to-customer, inter-PSP and customer-to-PSP and, where appropriate, other parties involved in the payment; and
- The impact for end-users and for NPC and the Nordics as a whole, showing where the impact of the Change Request will be felt across the different areas of the Nordic payment environment.

#### *Impact for Industry*

An IA should clearly show all the consequences that would result when implementing a Change Request.

The benefits for industry shall be determined mainly by the added value of a new service to the end-users, or by the added value to the existing service provided to the end-users. Accordingly, the IA shall include information on the likely end-user uptake of the Change Request by including results of any surveys, research or projections.

#### *Benefits for End-Users and the Nordics*

The IA shall consider the wide benefit accruing to end-users and to society as a whole as part of any analysis.

The wider social benefits of a Change Request may be seen in the benefits it holds for technological innovation, faster service delivery or financial stabilisation.

### 6.1.3 IA – Results

An IA outlines the financial and non-financial effects of the Change Request for Scheme Participants, end-users and suppliers.

The IA or the Change Request itself shall set out the efforts for upgrading technology and infrastructure to deal with the change together with an analysis of the general risks that may impact on the implementation of the new changes.

If an IA shows that the benefits do not justify the efforts involved, it is expected that this will lead to the rejection by the SMC of the Change Request and the related Change Proposal.

In some cases, where the IA shows that the change would be positive for end-users but costly for the industry, this analysis is likely to contribute to a debate at the level of end-users, suppliers and the SMC. Such a debate may focus on the funding arrangements necessary for re-distributing the costs involved. In such cases, the SMC shall exercise its discretion in determining the feasibility of changes while taking

into account the views expressed in the consultation process (e.g., Public Consultation, position documents from the NSEUF and the NSTF).

## 7. Appendix 2 - Conflicts of Interest

### 7.1 Rules for Managing Conflicts of Interest

#### 7.1.1 General Principles

A member of the SMC may be faced with a situation where the duties owed by him or her under these NPC Scheme Management Rules conflict in some way with another interest, duty or consideration of the member.

A member of the SMC must be alert to such conflicts of interest, or potential conflicts of interest arising in the course of his or her engagement with the SMC.

In order to ensure that the Schemes are administered in accordance with the highest standards of fairness and transparency, a member of the SMC must monitor any conflicts of interest arising or potentially arising in the course of his or her office.

If a new issue which could create a conflict of interest would arise in the course of a member's appointment to the SMC, that member will, without delay, inform the Nomination Committee accordingly.

A member of the SMC shall be expected to declare any actual or potential conflicts of interests at the start of any meeting involving the SMC. A note of such a declaration must be retained in accordance with section 7.1.2 below.

Any member of the SMC may inform an appropriate person like the Chair that he or she feels that a member of the SMC or the SMC as a whole is subject to a conflict of interest, or that a conflict of interest might reasonably be expected to arise. In such cases, the Chair shall act in an appropriate manner to ensure that the conflict of interest is managed effectively and transparently. Where the Chair is subject to a conflict of interest, he or she may nominate another person within the SMC to manage the conflict on his or her behalf.

Where all the members of a body are subject to a conflict of interest, the body must request the Nomination Committee to take appropriate action. Where a conflict exists or where one might reasonably be expected to arise, the member must declare the conflict and the Chair, acting together with other members of the SMC shall decide whether a conflict does indeed exist and how such a conflict should be managed. Where a conflict of interest is deemed to exist or where one might reasonably be expected to arise, the Chair, acting together with the other members of the SMC, must determine whether the affected member should refrain from voting on the relevant issue before him or her.

#### 7.1.2 Record Keeping

The SMC shall keep a record of each case where a conflict of interest has arisen or where one has been likely to arise, together with the action taken by the relevant member or body to manage the conflict.

The SMC shall also record cases where a conflict of interest was suspected but where, after analysis, such a conflict was deemed not to have arisen. Such records shall be open to inspection by the NPC and to such other persons as the SMC may consider appropriate.

## 8. Appendix 3 - Scheme Management Cost Allocation

### 8.1 Scheme participation fee

The Scheme Management cost is covered by the Membership Fee of the NPC according to the NPC Bylaws and detailed in the NPC Scheme Management Rules.

The applicable fees will be fixed in a fair, reasonable and non-discriminatory way by the NPC General Assembly upon a proposal submitted by the NPC Board and will be made public on the NPC Website as NPC Internal Rules.

### 8.2 Main cost types in a dispute resolution procedure

Three types of costs are identified:

- Administrative costs, incurred by the NPC for administering and monitoring the relevant proceedings (including all disbursements in connection with a particular case, for example, postage, international courier services, telephone, faxes, copies, etc.);
- Legal fees and expenses, incurred by the NPC including costs for travel, lodging and clerical assistance; and
- Litigation or dispute resolution costs incurred by the parties in question, including fees and expenses of any lawyers engaged, as well as amounts incurred on the presentation and preparation of the case.

### 8.3 Rationale for dispute resolution cost recovery mechanism

The rationale for the dispute resolution cost recovery mechanism centres on a non-refundable administrative fee. This centres on the position that the individual Scheme Participants benefiting from the Scheme Management complaint and appeal activities should be responsible for the costs arising from them (in whole or in part). In addition, given the NPC's core activity is to develop and design payment NPC schemes and frameworks, it would be unfair for the NPC membership to subsidise the Scheme Management complaint and appeal proceedings.

Moreover, there are some initial administrative and handling costs involved in the various stages of the complaint and appeal activity. These should be recoverable from the Scheme Participants either requesting or affected by the complaint and appeal proceedings.

It is therefore appropriate for the filing Scheme Participant to pay to the NPC a flat fee to cover these costs as an 'upfront fee' for such activities. Such a fee is recoverable from the other Scheme Participant involved in the action if the Scheme Participant initiating the procedure is successful at the end of the proceedings.

In addition, any relevant non-administrative NPC costs incurred during the course of the proceedings shall be recovered from the losing party.

## 8.4 Level of the non-refundable administrative fee for dispute resolution

As a non-profit organisation, the NPC ensures that there is no material 'profit' mark-up resulting in a material gain for the NPC when setting the non-refundable administrative fee.

The upfront fee payable to the NPC per single complaint case by the concerned Scheme Participant initiating the proceeding is estimated to be as at [November 2019]:

Complaint: 15 000 SEK

Appeal: 15 000 SEK

The level of these fees shall be regularly reviewed by the SMC and the NPC Board.

## 9. Appendix 4 – NPC Competition Law Code of Conduct

### 9.1 Background and Objective

The NPC, a non-profit association established under and governed by Swedish law, is subject to EU and national competition law requirements.

In order to address ‘competition law issues’ in the NPC context, this policy aims at helping NPC Members and their representatives, NPC Office Holders, Working and Support Group Chairs and any participants in meetings organised by the NPC to prevent and / or identify potential competition law issues; and if a (potential) competition law issue is identified to specify the process to be followed in order to address it.

### 9.2 Competition Law Guidelines

EU and national competition law contain two basic prohibitions:

1. Prohibiting anti-competitive agreements between two or more undertakings;
2. Prohibiting abuses of a single or collective dominant position (which may apply both to unilateral conduct and to agreements involving a dominant party).

EU competition rules apply only where trade between Member States is affected to an appreciable extent, but since national competition law applies even in the absence of cross-border effects, the NPC and NPC Members when acting in meetings organised by the NPC commit to always comply with the rules even if arrangements or discussions involve NPC Members from one country only, or cover only one country.

Infringement of EU and national competition law can lead to fines, civil liability for damages, and in some countries even to criminal liability. It is the responsibility of the NPC and of each NPC Member individually to ensure compliance with these Guidelines. Liability under the competition laws may be strict - a trade association member may under certain circumstances be held liable for infringement by the rest of the association.

The following Guidelines apply to the NPC, including all its standing bodies, working groups, support groups, staff, individual NPC Members, and any sub-groups or task forces within the association, as established from time to time where they act in meetings organised by the NPC.

### 9.3 Prohibition of Anti-competitive Agreements – General

As a matter of principle, no NPC meeting participant shall ever discuss or be involved in any of the following activities:

- Discussions on Payment Service Users prices of products and services; including and not limited to the coordination of pricing elements, discounts, bonuses, surcharges, accounting procedures or profit margins;
- Market partitioning such as the allocation of Payment Service User groups or territories between competitors;
- Exchange of competitively sensitive information, for instance, on pricing elements, business plans, Payment Service Users relations or ongoing or planned bids;
- Any other agreement restricting competition such as, for instance, a collective boycott, joint negotiations, (except after legal review) joint selling or joint buying, any arrangement to avoid



direct competition, resale price maintenance, pricing policies designed to isolate national markets or joint action to exclude competitors or new entrants.

To be prohibited by competition law, an agreement or a decision of an association of undertakings need not to be written or binding. A verbal information exchange or an informal agreement can be considered an infringement even if it is merely a "gentleman's agreement". On the other hand, an agreement does not need to be exercised or implemented in order to infringe competition law. The potential anti-competitive effect is sufficient.

## 9.4 Specific Rules for the NPC

There are two specific areas that require particular attention in the light of the competition rules:

### 9.4.1 Industry Standards

The NPC or the working groups within the association may develop and promote industry standards, rules, guidelines, codes of practice or standard terms and conditions for agreements, in accordance with the relevant stipulations of the European Commission's "[Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements](#)", as amended from time to time. These standards are allowed where they improve the quality of NPC Members' products or services; however, neither NPC nor NPC Members are allowed to develop or to use them to restrict competition. Accordingly:

- Standards must be related to specified legitimate objectives, and no more detailed or restrictive than reasonably necessary. Standards should not be used to raise barriers to entry to the market or to exclude competitors.
- Specifications for standards should be publicly accessible, also for non-members.
- Compliance should be voluntary (unless required by law). Standards must not prohibit use of competing products or services.
- Fees should be cost-based. The use of standard agreements should not be made compulsory, and standard terms and conditions should not attempt to harmonize "price-related" clauses.

### 9.4.2 Information Exchange

NPC Members must never, neither at formal NPC gatherings nor at other informal meetings in a NPC context, exchange confidential or otherwise competitively sensitive business information. Subjects which must never be discussed are:

- Prices, discounts, or price-related contractual terms. This includes planned or implemented price increases (whether or not a precise amount of the increase is included), the dates of planned price increases or announcements, mark-ups, rebates, allowances, credit terms, promotions, or any other data that would have a bearing on price;
- Client relations and Payment Service User credit risk, including among others the identities of individual Payment Service User or sales territories;
- Contract tenders, ongoing bids or plans to bid for business as well as the corporate procedures for responding to tenders;
- Business plans or commercial strategy and forecasts of market evolution;
- Competitive strengths/weaknesses in particular areas;

- Product development or investment in research programs which is not yet publicly known;
- Individualised market share data.

Benchmarking, i.e. compilation and circulation of statistical data and/or exchange of information is allowed, if and only if, the following conditions are respected and advice from the NPC legal counsel is sought:

- The entity collecting, aggregating and circulating the data is neutral and bound by confidentiality, and
- only aggregated data is circulated to participants and competitively sensitive information such as market shares remain anonymous. Individual company data must not be circulated and it must not be possible to derive individual company data from the aggregated data circulated (i.e. to disaggregate it).

If you are part of an information or benchmarking 'pool' or other market survey, ensure that individual institutions are not identifiable from the data, avoid meetings to discuss the results of the information gathering exercise without the presence of the NPC Legal Counsel, and allow open and voluntary participation in the exchange.

It is acceptable to discuss public policy, regulatory matters of general interest, demographic trends, generally acknowledged industry trends, publicly available information and historical information that have no impact on future business. NPC Members may demonstrate new or existing products, but not discuss non-public R&D or production plans.

## 9.5 Prohibition of Abuse of a Dominant Position

An undertaking may be in a dominant position if it can act to an appreciable extent independently of its Payment Service Users and suppliers in a given market. A dominant position is not in itself anti-competitive, but if the undertaking exploits this position to eliminate competition, it is considered to have abused it. Undertakings that have the economic power to act independently and set prices regardless of Payment Service Users' or suppliers' demands or competitive pressure, have a special duty to not to restrict competition and not to exploit their Payment Service Users. Dominance is, in essence, the power to overprice, which is assumed if a firm accounts for a dominant share of supply or demand (normally 40% or more).

Even if individual NPC Members may not be dominant, NPC Members may be considered collectively dominant in a particular product market if they account for a large share of supply and if they have contacts with each other through the trade association. Dominant positions can be held by single firms and, in certain circumstances, held collectively. In other words, Article 102 TFEU can apply to oligopolies. In such an oligopolistic market, parallel behaviour that restricts competition or exploits Payment Service Users might be found abusive even if there is no evidence of active collusion.

As soon as a dominant undertaking's behaviour has an anti-competitive object or effect, without objective justification, fines and civil liability may result. There is no need to demonstrate the existence of an agreement or collusion.

## 9.6 What to do if you Suspect a Breach of this Code of Conduct?

Presence at meetings where anticompetitive conduct takes place or where commercially sensitive information is exchanged, can be enough to infringe the competition rules. Check the agenda, object in advance to inappropriate discussion items. In case the agenda contains inappropriate discussion items, express your concerns at the start of the meeting when the agenda is presented for approval. As soon

as you become aware of a potential infringement, request that the corresponding discussion be stopped, request that advice be sought from or contact the NPC Secretariat ([info@npcouncil.org](mailto:info@npcouncil.org)), express your disagreement, ensure that a record is kept of your disagreement. In case the discussion continues, leave the meeting.

If you are uncertain whether a particular agreement, discussion or information exchange between competitors is allowed, immediately request that the opinion of the NPC Legal Counsel will be sought, who will take appropriate steps.

## 9.7 Procedure for NPC Meetings

The Chairs of each NPC meeting and the NPC Secretariat shall take every reasonable precaution to ensure that meetings are managed in such a way as to ensure that the risks of inappropriate discussion taking place are minimised.

As a practical matter, therefore, the NPC undertakes the following:

- NPC shall make this code of conduct available to all NPC Members
- This Code of Conduct shall be referred to in all Terms of Reference for Working Groups or task forces
- Written agendas for each NPC meeting must be drafted and circulated prior to each NPC meeting.
- Minutes of each meeting or as the case may be meeting summaries will be drafted and any comment or request for amendment will be notified to the meeting chairman and to the NPC Secretariat person in charge as soon as possible following receipt of the minutes.
- NPC shall keep agendas, minutes and attendance lists of every meeting chronologically.

## Annex I: Code of Conduct Guidelines on Participation in NPC Meetings (“Do’s and Don’ts”)

### Do’s

- **Do** carefully read the NPC Competition Law Code of Conduct that precedes this Annex.
- **Do** identify clearly the specific legitimate purpose of each NPC project, meeting and conference call.
- **Do** object to any discussion, activity or conduct that may infringe competition law rules and inform the NPC Legal Counsel accordingly.
- **Do** stay on topic during meetings, within the scope of the approved agenda and the terms of reference of the body concerned.
- **Do** stop any meeting when the participants insist on discussing matters that may lead to violations of competition law rules.
- **Do** return commercially sensitive information you receive, without keeping copies, and explain in writing that you do not wish to obtain such information.
- **Do** inform your company counsel and the NPC Legal Counsel of any approaches seeking to exchange competition sensitive information or coordinate conduct on the market.

### Don’ts

- **Don’t** reach understandings or agreements or even hold discussions (especially with a competitor) on anything relating to commercially sensitive topics such as prices, credit terms and billing practices, sales, costs, future business plans, bids or matters relating to individual suppliers or Payment Service Users.
- **Don’t** attend meetings without clear indication of the purpose and/or written agenda, circulated in advance.
- **Don’t** attend unscheduled gatherings unless you know that they are for a bona fide purpose or purely social gatherings.
- **Don’t** use NPC as a venue to engage in conduct that could be construed as intended to exclude competitors from the market or create a barrier to market entry.
- **Don’t** accept written competition sensitive information or agree to the exchange of oral competition sensitive information with NPC Members who market competing products or services.
- **Don’t** participate in information exchanges, market surveys, or benchmarking exercises without the advice of your and/or NPC's Legal Counsel.
- **Don’t** exclude competitors or engage in collective boycotts.